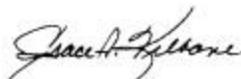| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION UI |
| | CORRESPONDENCE SYMBOL OCTA/DPM |
| | DATE March 22, 2002 |

ADVISORY   : UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 19-02

TO   :   ALL STATE WORKFORCE ADMINISTRATORS

FROM   :   GRACE A. KILBANE
                    Administrator
                    Office of Workforce Security

SUBJECT   :   Procedures for Release of Unemployment Insurance (UI) Benefit
                    Accuracy Measurement (BAM) Data for Calendar Year (CY) 2001

1. Purpose. To provide State Workforce Agencies (SWA) with guidelines and key dates for the release of UI BAM program data for CY 2001 and to inform SWAs that the Department of Labor will publish BAM program data in the CY 2001 UI PERFORMS Annual Report.

2. References. 20 CFR 602; Unemployment Insurance Program Letter (UIPL) No. 19-96; UIPL No. 18-00; and Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, 3rd ed.

3. Background. UIPL No. 19-96 announced the elimination of the requirement in 20 CFR 602.21(g) that states publicly release BAM program data. While the Department of Labor will continue to publish an annual compendium of all states' data, each state may determine whether to independently release its data to the public.

4. Federal Release of UI PERFORMS Data. BAM data are published as part of the UI PERFORMS Annual Report. UI PERFORMS is the Department of Labor=s management system for promoting continuous improvement in the performance of the UI system. The CY 2001 UI PERFORMS Annual Report will include background information on the BAM program, a brief discussion of how the accuracy rate estimates are computed, and national summary data. The Department of Labor may publish analytical information on CY 2001 BAM program findings in addition to the states= BAM Annual Reports.

| RESCISSIONS None | EXPIRATION DATE March 31, 2003 |

The CY 2001 UI PERFORMS Annual Report will be posted on the Employment and Training Administration (ETA) Office of Workforce Security (OWS) public Internet site: http://workforcesecurity.doleta.gov. The Department of Labor will distribute a copy of the UI PERFORMS Annual Report to SWA administrators on compact disk. The Department of Labor will announce the availability of CY 2001 BAM program data in a notice published in the Federal Register on or before August 30, 2002.

If the Department of Labor determines that a state has failed to follow the BAM methodology regarding sample selection, data collection, or case completion timeliness prescribed in ET Handbook No. 395 to such an extent that the data are not reliable, the Department of Labor will publish an explanation of the major deficiency in lieu of a BAM Annual Report for that state. States will be required to address these areas by developing corrective action plans as part of the State Quality Service Plan (SQSP) process.

UIPL No. 18-00 stated that, AEffective with the publication of the CY 2000 UI PERFORMS Annual Report, the Department of Labor will no longer post or publish State narratives.@ Since the elimination of the requirement that states publicly release BAM data, few states in recent years have opted to submit narratives. States can address issues related to the data published in the UI PERFORMS Annual Report through the SQSP process.

5. Denied Claims Accuracy (DCA) Data. Effective July 29, 2001, (BAM sampling batch 200131), state agencies began to sample and investigate UI claims that were denied because of monetary, separation, and nonseparation issues. State DCA samples for CY 2001 were pro-rated to 64 cases for each type of denial. Upon review of state DCA data following the date of record for completion of all BAM paid and denied claims cases (see section 6), the Department of Labor will determine whether states have completed a sufficient number of BAM DCA cases to produce statistically reliable estimates of case accuracy rates.

If the Department of Labor decides to include CY 2001 BAM DCA data in the UI PERFORMS Annual Report, separate accuracy rates for monetary, separation, and nonseparation denial determinations will be published for each state, along with the number of sample cases on which the estimates are based, the population sizes from which the samples were selected, the sampling errors of the estimated accuracy rates (reported as 95 percent confidence intervals), and any applicable footnotes related to the state's performance in meeting the sampling, case completion, timeliness, and case investigation methodological requirements.

6. BAM Date of Record. The Department of Labor has established close of business (c.o.b.) April 30, 2002, as the date of record for state databases for computation of the CY 2001 BAM paid claims Annual Report and denied claims accuracy rates. All BAM paid and denied claims accuracy rates and any supporting data analysis published in the UI PERFORMS Annual Report will be based on CY

2001 BAM paid and denied claims cases that have been signed off by the BAM program supervisor by c.o.b. April 30, 2002.

States must not reopen any CY 2001 BAM cases after this date until they have reviewed the BAM program data and have reconciled any differences between the states= and the Department of Labor=s databases. If states make any subsequent changes, their data will differ from the Department of Labor=s data, which can result in inconsistencies that must be reconciled before the BAM program data can be published.

7. BAM Annual Report Software. States can run the paid claims Annual Report software as soon as all BAM cases are completed. The National Office will produce a paid claims Annual Report for each state, based on the CY 2001 BAM cases as of c.o.b. April 30, 2002. The BAM paid claims Annual Report excludes cases that do not meet the definition of the BAM population, for example supplemental payments and, prior to BAM sampling batch 200131, payments for interstate claims. These cases are coded "9" in the program code data element (c1 in the b_master table of the UI database). The BAM Annual Report software adjusts the amount of UI benefits paid to the population to exclude the amount paid that is represented by cases with program code "9". Prior to the date of record, the Department of Labor will transmit a footnote lookup table for the CY 2001 BAM paid claims Annual Report.

The current version of the BAM DCA software on the state Sun computer systems does not include programs that allow states to produce reports summarizing DCA program data. On September 20, 2001, the National Office distributed to all BAM supervisors and state Sun system administrators four Informix ACE report programs that produce denied claims accuracy rates and DCA case completion, timeliness, and case aging reports. States are encouraged to use these programs to produce DCA program information.

The Informix ACE reports exclude sample cases that do not meet the definition of the BAM DCA population, for example monetary redeterminations and nonmonetary determinations that are not reportable on the ETA 207 and 9052 reports. These cases are coded "9" in the Program code data element in the b_dca_master table of the UI database. The Informix ACE report DCA rate program adjusts the monetary, separation, and nonseparation DCA populations to exclude the determinations represented by cases with program code value "9".

8. BAM Paid Claims Annual Report Format, Definitions, and Supplemental Data. The BAM paid claims Annual Report format is displayed and the components of the Annual Report are defined in Attachment 1. In order for state agencies to interpret the data in the BAM paid claims Annual Report, the software also generates a separate report consisting of responsibility and cause data, reported as percentages of the estimated UI benefits that were overpaid. No sampling errors are computed for these percentages. States should be aware that some of these percentages are based on small numbers

of BAM sample cases and may have relatively large sampling errors. States can combine categories that contain few sample cases, where appropriate. The format for this report is shown in Attachment 2.

If cause and responsibility percentages do not add up to 100 percent, states should check for cases in which the key week amount overpaid coded in data element h5 in the b_master table of the UI database does not equal the sum of dollars overpaid coded in data element ei1 for key week actions 10, 11, 12, 13, and 15 in the b_errisu table. The amount overpaid cannot exceed the amount paid coded in data element f13 in the b_master table.

A facsimile of the Informix ACE DCA report, report definitions, and DCA footnotes are in Attachment 3.

9. <u>Comment Period</u>. BAM paid claims Annual Reports produced by the Department of Labor will be mailed to each state by May 10, 2002. Each state should carefully review the paid claims Annual Report produced by the Department of Labor to verify that it agrees with the Annual Report produced from the state=s BAM database.

If the Department of Labor decides to include DCA data in the UI PERFORMS Annual Report, state case rate accuracy data will be included in the transmittal letter. State agencies can check the DCA data with their databases by running the Informix ACE DCA rates report.

States should report any discrepancies or submit questions concerning the BAM paid and denied claims data or Annual Report footnotes to the National Office, with a copy to the appropriate Regional Administrator, by May 31, 2002, to:

> Andrew Spisak
> U. S. Department of Labor
> ETA / Office of Workforce Security
> 200 Constitution Avenue, NW
> Room S-4522
> Washington, DC 20210

Alternatively, states may report discrepancies or submit questions concerning the BAM data by e-mail to aspisak@doleta.gov via the Internet or tonight!andy via the state=s Sun computer e-mail utility or by fax to Andrew Spisak at 202-693-3229. National and Regional Office staffs will discuss and reconcile issues raised by the states by June 7, 2002.

10. <u>Public Release by State Agencies</u>. Although states are no longer required to publish their annual BAM program data, states must provide the data to interested parties upon request. States will provide the name, address, phone number, and e-mail address of the person(s) designated by the state as its

BAM Annual Report contact to the Department of Labor (attention of Andrew Spisak, at the above address), by June 7, 2002. The name of the individual(s) designated by the state as its BAM Annual Report contact will be published in the Federal Register notice announcing the availability of BAM data in the UI PERFORMS Annual Report. States must continue to follow the reporting requirements described in section 12, regardless of their decision to release their data to the public.

11. Key Dates. The following is a summary of key dates for the public release of CY 2001 BAM data. These dates are the latest that the task or action must be completed.

4/19/02	States submit requests for waivers of BAM paid and denied claims time lapse requirements, along with supporting analysis, to the appropriate Department of Labor ETA Regional Administrator.
4/26/02	Regional Offices respond to states on the disposition of state requests for waivers of BAM time lapse requirements.
4/30/02	The Department of Labor electronically transmits the footnote lookup table for the BAM Annual Report software to each state's Sun computer.
4/30/02	Each state checks its UI database to: 1) ensure that the BAM supervisor has signed off all BAM paid and denied claims cases which the investigators have completed, and 2) reopen any case in order to update information or correct any data errors.
	Cases closed by supervisors after April 30, 2002, will not be included in the paid claims Annual Report or DCA rate estimates. States should not reopen any CY 2001 cases to change the database after April 30, 2002, until they have reviewed the BAM program data transmitted by the National Office and verified the data against their state database or reconciled any differences with the Department of Labor.
5/10/02	Grace A. Kilbane, Administrator, OWS, sends the CY 2001 BAM program data to the SWA administrators.
5/31/02	States review BAM paid claims Annual Reports, including footnotes, and DCA rate data, if published. States report any discrepancies or submit questions concerning the BAM data or footnotes to the National Office (to the attention of Andrew Spisak, as discussed in section 9), with copies to ETA Regional Administrators.
6/7/02	National and Regional Office staffs discuss issues raised by the states and reconcile any differences between the states= and Department of Labor=s databases.

6/7/02   States provide the National Office (to the attention of Andrew Spisak, as discussed in section 10) the name, address, phone number, and e-mail address of BAM Annual Report contact person (or persons), with copies to the appropriate ETA Regional Administrator.

8/30/02   Department of Labor publishes notice in the Federal Register announcing the availability of BAM data as part of the UI PERFORMS Annual Report.

12. Action Required. State Administrators are requested to:

  a. provide copies of these guidelines to the appropriate staff;

  b. ensure that any request for a waiver of time lapse requirements are sent to the appropriate ETA Regional Administrator by c.o.b. April 19, 2002;

  c. ensure that any issues related to CY 2001 BAM paid or denied claims data or footnotes that require reconciliation of differences between the state=s and Department of Labor=s databases are sent to the Department of Labor=s National Office and copies are sent to the appropriate ETA Regional Administrator by May 31, 2002; and

  d. ensure that the name, address, telephone number, and e-mail address of the contact person(s) to whom interested parties may write or call with questions or inquiries about the state's BAM program data are sent to the Department of Labor=s National Office and copies are sent to the appropriate ETA Regional Administrator by June 7, 2002.

13. Inquiries. Questions should be directed to the appropriate Regional Office.

14. Attachments. (1) BAM Annual Report format, footnotes, and definitions; (2) BAM Annual Report Supplemental Data format; (3) Informix ACE DCA rate report, definitions, and DCA footnotes.

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                          QC ANNUAL REPORT
                           (New Version)
                              CY 2001
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Run as of 03/13/2002

State: XX

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              Unemployment Insurance Quality Control

              Annual Report for Calendar Year 2001
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Total Dollars Paid in Population $352,533,069

Sample Size   480

	Percentage of Dollars	95% Confidence Interval (+/-)
Proper Payments	93.3%	2.3%
Overpayments	6.7%	2.3%

	100.0%	
Underpayments	0.2%	0.2%

Footnotes

[Footnote definitions are provided below.]

BAM Annual Report Definitions

Total Dollars Paid in Population

Total UI benefits paid to the population of UI claimants who constitute the sampling frames for all weeks in CY 2001 for which the state pulled a BAM sample, adjusted to exclude UI payments that do not meet the definition of the BAM population.

Sample Size

Total UI payments selected during CY 2001 (BAM batches 200101 through 200152) and completed (supervisor sign-off) by c.o.b. April 30, 2002, excluding cases that do not meet the BAM population definition. This is the number of BAM sample cases from which the payment accuracy rates and confidence intervals are estimated.

Proper Payments

The weighted ratio estimate of total dollars properly paid to total dollars paid expressed as a percentage.

Overpayments

The weighted ratio estimate of total dollars overpaid to total dollars paid expressed as a percentage.

Underpayments

The weighted ratio estimate of total dollars underpaid to total dollars paid expressed as a percentage.

95 Percent Confidence Interval

A confidence interval, expressed as +/- $\underline{x}$ percentage points, is constructed for each of the three estimated rates. The actual rate is expected to lie within 95 percent of the intervals constructed from repeated samples of the same size and selected in the same manner as the BAM sample.

BAM Paid Claims Accuracy Footnotes

Footnote 1

Claimants failing to conduct required work search were given formal warnings and no overpayment was established. The proper payment rate would be lower and the overpayment rate would be higher if these cases were counted as erroneous payments.

Condition: Any CY 2001 BAM case with key week action code '14' in field ei2 of the b_errisu table of the UI database.

Footnote 2

Percentages apply to less than a complete year of UI payments due to the state not pulling a sample for x weeks.

Condition: There is no record in the b_comparison table of the UI database for one or more BAM batches 200101 through 200152.

Note: If a state requested and received permission from the Department of Labor to temporarily suspend BAM sampling due to workload contingencies attributable to the terrorist attacks of September 11, the footnote will reflect that the Department of Labor concurred with the suspension.

Footnote 3

The state selected samples that were below the minimum prescribed levels for x weeks.

Condition: State selected one or more BAM weekly samples below the minimum level prescribed in Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, chapter III, p. 27. Sampled cases that fail to meet the BAM population definition are counted toward meeting the minimum weekly sample.

Note: If a state requested and received permission from the Department of Labor to temporarily reduce BAM sample sizes due to workload contingencies attributable to the terrorist attacks of September 11, the footnote will reflect that the Department of Labor concurred with the reduction.

Footnote 4

Percentages based on data collection procedures that were not completely in accordance with the program methodology prescribed in ET Handbook No. 395.

Condition: Based on program monitoring conducted by the Department of Labor Regional and National Offices.

Footnote 5

The state completed x percent of the cases within 90 days. The program standard is 95 percent completed within 90 days.

Condition: State failed to meet case completion objectives established in Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, chapter VI, p. 7. Cases not meeting the BAM population definition are not counted in calculating state time lapse rates.

Footnote 6

x percent of the sample cases were not completed when this report was prepared. This exceeded the program requirement that no more than 2 percent of the cases for the year remain incomplete.

Condition: The percentage is based on the number of BAM cases that were not completed (no supervisor sign-off) by c.o.b. April 30, 2002, divided by the number of valid cases selected for BAM weekly samples during CY 2001 (BAM batches 200101 through 200152). Cases that do not meet the BAM population definition are not counted in calculating state case completion rates.

Footnote 7

The annual sample for [state] is x cases below the allocated annual sample for the state. The precision of the data might be reduced due to the failure to sample at the prescribed level.

Condition: The state's annual sample selection is 60 or more cases below its allocated annual sample (with alternative data collection methods, one staff year equals 120 cases). Cases that do not meet the BAM population definition are counted toward meeting the annual sample allocation.

Note: If a state requested and received permission from the Department of Labor to temporarily reduce BAM sample sizes due to workload contingencies attributable to the terrorist attacks of September 11, the footnote will reflect that the Department of Labor concurred with the reduction.

Footnote 8

The population from which the BAM sample was selected did not include all of the UI benefits paid. This limits the degree to which inferences about the population can be made from BAM data.

Condition: The dollars paid in the BAM population for CY 2001 vary from the dollars paid reported in the state's ETA 5159 Claims and Payment Activities reports by more than the statistical control limit.

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                    QC ANNUAL REPORT FOR XX

                        Supplemental Data
                           CY 2001


Responsibility for Overpayments (Percent of Dollars Overpaid)

Claimant Only                                            33.6
Claimant + Agency                                        27.4
Agency Only                                              15.1
Claimant + Employer                                      14.3
Claimant + Employer + Agency                              5.2
Employer + Agency                                         2.6
Employer Only                                             2.2
Other Only                                                0.0
Claimant + Employer + Other                               0.0
Claimant + Agency + Other                                 0.0
Employer + Other                                          0.0
Employer + Agency + Other                                 0.0
Claimant + Other                                          0.0
Claimant + Employer + Agency + Other                      0.0
Agency + Other                                            0.0
Responsibility Not Specified                              0.0



Cause for Overpayments (Percent of Dollars Overpaid)

Benefit Year Earnings Issues                             42.4
Eligibility Issues Excluding Work Search                 29.2
Separation Issues                                        22.2
Work Search Issues                                        5.2
Base Period Wage Issues                                   1.4
Other Issues                                              0.0
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NOTE: The percentages for the responsibilities  or cause  do not sum
      to 100 percent. You should check field (h5) to verify that all
      cases have been  coded correctly  within your specified  batch
      range.
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Denied Claims Accuracy Rates Report

State: XX

Beginning Batch: 200131

Ending Batch: 200152

Denial Type	Population	Cases Completed
Monetary	3,081	62
Separation	4,119	60
Nonseparation	5,110	59

Denial Type	Weighted Proper	Weighted Improper	+/-	Unweighted Proper	Unweighted Improper	+/-
Monetary	86.3%	13.7%	5.7	87.1%	12.9%	4.9
Separation	88.6%	11.4%	4.8	89.0%	11.0%	4.4
Nonseparation	86.1%	13.9%	4.8	85.6%	14.4%	4.9

Run Date: 02/01/2002

BAM Denied Claims Accuracy Rates Report Definitions

Population

The number of denial determinations that constitute the sampling frames for all weeks in CY 2001 for which the state pulled a BAM DCA sample, adjusted to exclude agency actions that do not meet the definition of the BAM DCA population.

Sample Size

Total DCA cases selected during CY 2001 (BAM batches 200131 through 200152) and completed (supervisor sign-off) by c.o.b. April 30, 2002, excluding cases that do not meet the BAM DCA definition (Program code '9') or cases with Action Codes '0' (monetary eligibility established upon receipt of CWC, UCFE, and/or UCX wage credits) or '8' (withdrawn claims). This is the number of BAM DCA sample cases from which the accuracy rates and confidence intervals are estimated.

Proper Determinations

The proportion of denied claims that DCA concluded were properly determined, expressed as a percentage.

Improper Determinations

The proportion of denied claims that DCA concluded were incorrectly determined, expressed as a percentage.

Weighted Estimates

Accuracy rates are computed separately for each batch with at least two completed DCA cases and weighted by the batch population, adjusted to exclude cases that do not meet the BAM DCA definition (Program code '9') or cases with Action Codes '0' (monetary eligibility established upon receipt of CWC, UCFE, and/or UCX wage credits) or '8' (withdrawn claims). The accuracy rate equals the sum of the products of the batch rates and weights. Batches with only one completed case are merged to insure that each batch has a minimum of two completed cases.

Unweighted Estimates

A single accuracy rate is computed for all completed DCA cases and does not reflect the batch population sizes. This rate treats the sample as a simple random sample, rather than a sample stratified by batch (sampling week).

95 Percent Confidence Interval

A confidence interval, expressed as +/- x percentage points, is constructed for each of the estimated accuracy rates. The actual rate is expected to lie within 95 percent of the intervals constructed from repeated samples of the same size and selected in the same manner as the BAM sample.

BAM Denied Claims Accuracy Footnotes

Footnote 1

Not applicable to DCA.

Footnote 2

Percentages apply to less than the total population of denials due to the state not pulling a sample for x weeks.

Condition: There is no record in the b_dca_comparison table of the UI database for one or more BAM batches 200131 through 200152.

Note: If a state requested and received permission from the Department of Labor to temporarily suspend BAM sampling due to workload contingencies attributable to the terrorist attacks of September 11, the footnote will reflect that the Department of Labor concurred with the suspension.

Footnote 3

The state selected samples that were below the minimum prescribed levels for x weeks.

Condition: State selected one or more BAM DCA weekly samples below the minimum level prescribed in Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, chapter III, p. 27. Sampled cases that fail to meet the BAM DCA population definition are counted toward meeting the minimum weekly sample.

Note: If a state requested and received permission from the Department of Labor to temporarily reduce BAM sample sizes due to workload contingencies attributable to the terrorist attacks of September 11, the footnote will reflect that the Department of Labor concurred with the reduction.

Footnote 4

Percentages based on data collection procedures that were not completely in accordance with the program methodology prescribed in ET Handbook No. 395.

Condition: Based on program monitoring conducted by the Department of Labor Regional and National Offices.

Footnote 5

The state completed x percent of the cases within 90 days. The program standard is 85 percent completed within 90 days.

Condition: State failed to meet case completion objectives established in Benefit Accuracy Measurement State Operations Handbook, ET Handbook No. 395, chapter VIII, p. 3. Cases not meeting the BAM DCA population definition are not counted in calculating state time lapse rates.

Footnote 6

x percent of the sample cases were not completed when this report was prepared. This exceeded the program requirement that no more than 2 percent of the cases for the year remain incomplete.

Condition: The percentage is based on the number of BAM DCA cases that were not completed (no supervisor sign-off) by c.o.b. April 30, 2002, divided by the number of valid DCA cases selected for BAM weekly samples during CY 2001 (BAM batches 200131 through 200152). Cases that do not meet the BAM DCA population definition are not counted in calculating state case completion rates.

Footnote 7

The annual sample for [state] is x cases below the allocated annual sample for the state. The precision of the data might be reduced due to the failure to sample at the prescribed level.

Condition: No standard has yet been set for DCA samples. A standard will be set for CY 2002, which will be the first full year of sampling.

Footnote 8

The population from which the BAM DCA sample was selected did not include all of the denied claims in the population. This limits the degree to which inferences about the population can be made from BAM DCA data.

Condition: No standard has yet been set for DCA samples. A standard will be set for CY 2002, which will be the first full year of sampling.